

In Re:  <div style="text-align: center; padding: 10px;">THE SOURCE HOTEL, LLC,</div> <div style="text-align: right; padding: 5px;">Debtor.</div>	CHAPTER 11 (BUSINESS)  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Case Number:</td> <td style="border-bottom: 1px solid black;">8:21-bk-10525-ES</td> </tr> <tr> <td>Operating Report Number:</td> <td style="border-bottom: 1px solid black; text-align: center;">1</td> </tr> <tr> <td></td> <td style="border-bottom: 1px solid black;">2/26/2021 - 2/28/2021</td> </tr> <tr> <td>For the Month Ending:</td> <td style="border-bottom: 1px solid black;">(post-petition period)</td> </tr> </table>	Case Number:	8:21-bk-10525-ES	Operating Report Number:	1		2/26/2021 - 2/28/2021	For the Month Ending:	(post-petition period)
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Operating Report Number:	1								
	2/26/2021 - 2/28/2021								
For the Month Ending:	(post-petition period)								

I. CASH RECEIPTS AND DISBURSEMENTS  
 A. (GENERAL ACCOUNT\*)

1. TOTAL RECEIPTS PER ALL PRIOR GENERAL ACCOUNT REPORTS	0.00
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR GENERAL ACCOUNT REPORTS	0.00
3. BEGINNING BALANCE:	0.00
4. RECEIPTS DURING CURRENT PERIOD:	
Accounts Receivable - Post-filing	
Accounts Receivable - Pre-filing	
General Sales	
Other (Specify)	
**Other (Specify)	
TOTAL RECEIPTS THIS PERIOD:	0.00
5. BALANCE:	0.00
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD	
Transfers to Other DIP Accounts (from page 2)	0.00
Disbursements (from page 2)	0.00
TOTAL DISBURSEMENTS THIS PERIOD:***	0.00
7. ENDING BALANCE:	0.00
8. General Account Number(s):	-9308
Depository Name & Location:	Axos Bank
	(General DIP Account opened on 3/04/2021)

(As of the Petition Date of 2/26/2021, the Debtor maintained two (2) pre-petition bank accounts at Evertrust Bank, with funds totaling \$35,246.75, and three (3) pre-petition bank accounts at Preferred Bank, with funds totaling \$2,630.02. The Debtor is in the process of transferring all such funds to the DIP accounts)

\* All receipts must be deposited into the general account.  
 \*\* Include receipts from the sale of any real or personal property out of the ordinary course of business; attach an exhibit specifying what was sold, to whom, terms, and date of Court Order or Report of Sale.  
 \*\*\*This amount should be the same as the total from page 2.

TOTAL DISBURSEMENTS THIS PERIOD:

\*\* Fill in amounts in this column if they are DISBURSEMENTS to outside payees; the "amount" column will be filled in for you.

Bank statement Date: n/a Balance on Statement: n/a

Plus deposits in transit (a):

<u>Deposit Date</u>	<u>Deposit Amount</u>
<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>
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<u>                    </u>	<u>                    </u>

TOTAL DEPOSITS IN TRANSIT

0.00

Less Outstanding Checks (a):

<u>Check Number</u>	<u>Check Date</u>	<u>Check Amount</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
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TOTAL OUTSTANDING CHECKS:

0.00

Bank statement Adjustments:

Explanation of Adjustments-

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ADJUSTED BANK BALANCE:

\$0.00

\* It is acceptable to replace this form with a similar form

\*\* Please attach a detailed explanation of any bank statement adjustment

## C. (TAX ACCOUNT)

1. TOTAL RECEIPTS PER ALL PRIOR TAX ACCOUNT REPORTS	0.00
2. LESS: TOTAL DISBURSEMENTS PER ALL PRIOR TAX ACCOUNT REPORTS	0.00
3. BEGINNING BALANCE:	0
4. RECEIPTS DURING CURRENT PERIOD: (Transferred from General Account)	0.00
5. BALANCE:	0.00
6. LESS: TOTAL DISBURSEMENTS DURING CURRENT PERIOD TOTAL DISBURSEMENTS THIS PERIOD:***	0.00
7. ENDING BALANCE:	0.00
8. TAX Account Number(s):	-9324
Depository Name & Location:	Axos Bank
	(Tax DIP Account opened on 3/04/2021)

(As of the Petition Date of 2/26/2021, the Debtor maintained two (2) pre-petition bank accounts at Evertr Bank, with funds totaling \$35,246.75, and three (3) pre-petition bank accounts at Preferred Bank, with funds totaling \$2,630.02. The Debtor is in the process of transferring all such funds to the DIP accounts)

TOTAL DISBURSEMENTS THIS PERIOD:	0.00
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Main Document Page  
 BANK RECONCILIATION

ENDING BALANCES FOR THE PERIOD:

(Provide a copy of monthly account statements for each of the below)

General Account:	0.00
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Payroll Account:	n/a
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Tax Account:	0.00
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*Other Accounts:	Pre-petition accounts at Evertrust Bank	35,246.75
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Pre-petition accounts at Preferred Bank	2,630.02
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\*Other Monies:

**Petty Cash (from below):	0.00
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TOTAL CASH AVAILABLE:

37,876.77

### Petty Cash Transactions:

Date

## Purpose

Amount

[illegible]

TOTAL PETTY CASH TRANSACTIONS:

0.00

\* Specify the Type of holding (e.g. CD, Savings Account, Investment Security), and the depository name, location & account#

\*\* Attach Exhibit Itemizing all petty cash transactions

## II. STATUS OF PAYMENTS TO SECURED CREDITORS, LESSORS

## AND OTHER PARTIES TO EXECUTORY CONTRACTS

Creditor, Lessor, Etc.	Frequency of Payments (Mo/Qtr)	Amount of Payment	Post-Petition payments not made (Number)	Total Due
Shady Bird Lending, LLC				
TOTAL DUE:				0.00

## III. TAX LIABILITIES

FOR THE REPORTING PERIOD:

Gross Sales Subject to Sales Tax: \_\_\_\_\_

Total Wages Paid: \_\_\_\_\_

	Total Post-Petition Amounts Owing	Amount Delinquent	Date Delinquent Amount Due
Federal Withholding			
State Withholding			
FICA- Employer's Share			
FICA- Employee's Share			
Federal Unemployment			
Sales and Use			
Real Property			
Other: _____			
TOTAL:	0.00	0.00	



	*Accounts Payable Post-Petition	Accounts Receivable	
		Pre-Petition	Post-Petition
30 days or less			
31 - 60 days			
61 - 90 days			
91 - 120 days			
Over 120 days			
TOTAL:	0.00	0.00	0.00

V. INSURANCE COVERAGE

	Name of Carrier	Amount of Coverage	Policy Expiration Date	Premium Paid Through (Date)
General Liability				
Worker's Compensation				
Casualty				
Vehicle				
Others:				

VI. UNITED STATES TRUSTEE QUARTERLY FEES  
(TOTAL PAYMENTS)

Quarterly Period Ending (Date)	Total Disbursements	Quarterly Fees	Date Paid	Amount Paid	Quarterly Fees Still Owing
31-Mar-2021					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
		0.00		0.00	0.00

\* Post-Petition Accounts Payable SHOULD NOT include professionals' fees and expenses which have been incurred but not yet awarded by the court. Post-Petition Accounts Payable SHOULD include professionals' fees and expenses authorized by Court Order but which remain unpaid as of the close of the period report

[illegible]

## VIII. SCHEDULE OF OTHER AMOUNTS PAID TO INSIDERS

[illegible]

\* Please indicate how compensation was identified in the order (e.g. \$1,000/week, \$2,500/month)

	Current Month	Cumulative Post-Petition
Sales/Revenue:		
Gross Sales/Revenue		
Less: Returns/Discounts		
Net Sales/Revenue	0.00	0.00
Cost of Goods Sold:		
Beginning Inventory at cost		
Purchases		
Less: Ending Inventory at cost		
Cost of Goods Sold (COGS)	0.00	0.00
Gross Profit	0.00	0.00
Other Operating Income (Itemize)		
Operating Expenses:		
Payroll - Insiders		
Payroll - Other Employees		
Payroll Taxes		
Other Taxes (Itemize)		
Depreciation and Amortization		
Rent Expense - Real Property		
Lease Expense - Personal Property		
Insurance		
Real Property Taxes		
Telephone and Utilities		
Repairs and Maintenance		
Travel and Entertainment (Itemize)		
Miscellaneous Operating Expenses (Itemize)		
Total Operating Expenses	0.00	0.00
Net Gain/(Loss) from Operations	0.00	0.00
Non-Operating Income:		
Interest Income		
Net Gain on Sale of Assets (Itemize)		
Other (Itemize)		
Total Non-Operating income	0.00	0.00
Non-Operating Expenses:		
Interest Expense		
Legal and Professional (Itemize)		
Other (Itemize)		
Total Non-Operating Expenses	0.00	0.00
NET INCOME/(LOSS)	0.00	0.00

(Attach exhibit listing all itemizations required above)

**The Source Hotel, LLC**  
**Balance Sheet**  
**February 28, 2021**

**Assets**

Real Estate

Construction in progress	\$ 73,014,963
Total Real Estate	73,014,963

Other Assets

Cash & cash equivalents	37,877
Cash in reserve account	25,784
Prepaid expenses and other assets	5,253,981
Total Other Assets	5,317,641

Total Assets	<u>\$ 78,332,604</u>
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**Liabilities and Members' Capital**

Liabilities

Construction loans - EB5	\$ 21,000,000
Construction loans - Evertrust Bank	24,988,809
Due to affiliates, non-interest bearing	5,938,038
Accrued interest and preferred return	7,693,721
Accounts payable and other liabilities	4,512,099
	<u>64,132,667</u>


Members' Capital	<u>14,199,937</u>
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TOTAL LIABILITIES & MEMBER'S CAPITAL	<u>\$ 78,332,604</u>
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XI. QUESTIONNAIRE

- |  |          |               |
|--|----------|---------------|
|  | No       | Yes           |
| 1. Has the debtor-in-possession made any payments on its pre-petition unsecured debt, except as have been authorized by the court? If "Yes", explain below:  | <u>X</u> | <u>      </u> |
| <hr/>  |          |               |
|  | No       | Yes           |
| 2. Has the debtor-in-possession during this reporting period provided compensation or remuneration to any officers, directors, principals, or other insiders without appropriate authorization? If "Yes", explain below:   | <u>X</u> | <u>      </u> |
| <hr/>  |          |               |
| 3. State what progress was made during the reporting period toward filing a plan of reorganization See #4 below.   |          |               |
| <hr/>  |          |               |
| 4. Describe potential future developments which may have a significant impact on the case:   |          |               |
| <p>The Debtor is actively seeking post-petition financing so that the construction of the hotel (which is approximately 85% complete) may be completed and the hotel opened for business. Upon obtaining a commitment for financing upon terms that the Debtor believes are reasonable and acceptable, the Debtor will seek Court approval for such financing. The Debtor anticipates formulating and proposing a plan of reorganization which provides for the completion of construction of the hotel and eventual operation and stabilization of the hotel business, and the restructuring and/or repayment of its existing secured and unsecured debt, using the revenues generated by the operation of the hotel.</p> |          |               |
| 5. Attach copies of all Orders granting relief from the automatic stay that were entered during the reporting period.  |          |               |
| <hr/>  |          |               |
|  | No       | Yes           |
| 6. Did you receive any exempt income this month, which is not set forth in the operating report? If "Yes", please set forth the amounts and sources of the income below.   | <u>X</u> | <u>      </u> |
| <hr/>  |          |               |
| I, Donald Chae, Manager of Sole Member of Debtor (DMC Investment Holdings, LLC), declare under penalty of perjury that I have fully read and understood the foregoing debtor-in-possession operating report and that the information contained herein is true and complete to the best of my knowledge.  |          |               |

3/19/2021  
Date

  
Page 16 of 16 Principal for debtor-in-possession